

November 10, 2003

California Energy Commission  
Re: Docket No. 03-RPS-1078  
Docket Unit, MS-4  
1516 Ninth Street  
Sacramento, CA 95814-5504

Center for Resource Solutions  
Presidio Bldg. 97 Arguello Blvd.  
P. O. Box 29512  
San Francisco, CA 94129

To: Energy Commission Staff and CRS Staff

Clean Power Markets, Inc. appreciates the opportunity to present comments on the recommendations in the "Needs Assessment for a Western Renewable Energy Generation Information System Draft Report" (Needs Assessment).

The Needs Assessment described the results of the survey conducted by the Consultants, which asked a variety of stakeholders the type of information they would like to see in a tracking system. Based on the results of that survey, the report recommends a very complex tracking system for the West. It attempts to capture the wishes and desires of all stakeholders. However, there is no discussion as to who will pay for such a system, and whether by granting everyone's wishes, the benefits make economic sense. It isn't clear at this time whether all of the perceived needs are best met through the proposed tracking system. The results of the survey may have been different had respondents known the cost of making certain choices.

Clean Power Markets (CPM) is a corporation formed to provide the infrastructure needed to facilitate growth of the renewable energy industry. In order to help the industry grow, costs need to be minimized to enhance the competitiveness of renewable technologies relative to conventional energy sources. Thus, it is our belief that the infrastructure to support the industry should be simple, economical, and provide those basic needs the renewable industry needs to compete.

In SB1078, the California Legislature has charged the Energy Commission with developing a tracking system to implement California's Renewable Portfolio Standard (RPS). Additionally, the Western Governors' Association (WGA) resolved that a regional tracking system that supports verification and tracking of renewable energy generation in the West should be created. In order to accurately track renewable generation that will be used to comply with the California RPS, it definitely makes sense to include generators that are part of the WECC. Thus we support the effort to make this a regional tracking system.

However, we feel that the effort to build a “generation information system” goes beyond what is required to meet the California RPS and the WGA’s resolution. Specifying a system that attempts to be everything to everybody is not necessary, as it will increase the cost of renewable energy to the region, which is the antithesis of the ultimate objective making renewable energy more competitive.

We believe that the system should be designed to meet the legislative mandate of SB1078, which is to serve the regulatory requirements of the RPS program in California. Since this is a system for the Western states, the system should also be designed to meet the WGA’s resolution as well as the regulatory requirements of RPS programs in Nevada, Arizona, and New Mexico. If this approach is taken, then a simple, economical system can be built that will not lay additional cost burdens on renewable energy.

The following are our responses to specific questions posed in the Needs Assessment as paraphrased below:

1. *Should the system facilitate imports and exports?* The system should facilitate imports and exports between states in the West. If one regional system is built, this issue disappears, as there will not be any imports and exports of RECs; they will all be part of the same system. Regarding imports and exports of RECs between other tracking systems, it should be determined whether such imports and exports would even be accepted in the RPS programs in the West. Since the California RPS program requires that the RECs originate from facilities interconnected to the WECC that have a contract with a California electric service provider, RECs outside the system would not be acceptable. So there may be no need to import RECs into the western system unless other tracking systems are developed to meet specific market needs, such as a system for aggregating small, customer-sited renewable systems which fall below the radar screen of the ISOs and utilities (see item 3 below). Similarly, the existing tracking systems in Wisconsin, Texas, and New England, have location-specific requirements as to what RECs meet the regulatory requirements of the programs in those states and regions. At this time, RECs from the West will not meet their regulatory requirements so there is no compelling need at this time to facilitate imports and exports of RECs from other systems. Only if the Western system is designed to meet non-regulatory needs of voluntary markets does the issue of imports and exports of RECs become more important. The additional cost of supporting these voluntary transactions and their potential volume impact needs to be determined to ascertain the cost-benefit of facilitating imports and exports.
2. *What other information should be included to support air quality and regional haze programs?* We do not support having this system support air quality

and regional haze programs, or information disclosure and electricity labeling requirements at this time. If the system is designed properly, individual states can use the information from the tracking system should be available to support their own information disclosure and electricity labeling requirements.

3. *Should this system include small, customer-sited renewable generation?* This system does not need to specifically include small, customer-sited renewable generation or solar water heating because this is under development elsewhere. The Pace Energy Project is spearheading a project that is aggregating small, customer-sited generation into a central registry to facilitate its participation in renewable certificate markets. This effort also includes developing standards for contracts, production measurement, data collection, and verification for these systems. Thus, the Western States tracking system only needs to be able to accept certificates that have been aggregated in this Pace project, through some type of transfer ability. We are assisting Pace in this project, and are very willing to participate in the committee that will determine how to handle these types of transactions.
4. *How should voluntary information be handled?* We do not support including voluntarily provided static information that is not verified.
5. *Are there other static or dynamic information categories that should be added?* We only support including static information that is necessary to determine whether a renewable facility meets the specific RPS/regulatory requirements for the western states participating in this tracking system. For example, unless tracking biomass emissions are a requirement for compliance with an RPS program, we see no need to include biomass or geothermal emissions in this system.
6. *How often should static information be updated?* Users of the system should update their static information when it changes. As we said earlier, we do not believe emissions data needs to be collected in this system.
7. *Should the system track “offset” emissions data?* We do not support collecting emissions offset data that may be of future use in emissions markets. As the Needs Assessment clearly states, there is no universally accepted way to calculate this from renewable generation, thus it would not be useful to try to collect this data. Furthermore, other emissions markets are emerging – the possibility that this system will evolve into an emissions market in the future is highly unlikely.
8. *Should RECs be disaggregated and tracked in this system?* We agree with the report that this system should only track “whole RECs”, and not track disaggregated RECs.

9. *Should commodity energy sales by renewable generators be tracked?* We see no reason to track the unbundled sale of electricity within this system unless the RPS requirements of a state make this necessary. Otherwise, this adds another unnecessary level of complexity and cost to the system.

10. *What should the generation tracking interval (date/time stamp) be for this system?* The regulatory requirements of the participating states should determine the dynamic information that is tracked, and in particular, the generation tracking interval for the RECs. For example, at this point in the California RPS discussions, an annual requirement is all that is needed; thus tracking RECs in intervals smaller than yearly provides more detail (and cost) than necessary. Similarly for other states with RPS requirements (Nevada, Arizona, and New Mexico), the regulatory requirements are no more specific than annual.

*Is peak/off-peak necessary?* Peak and off-peak is important only in pricing the electricity component of renewable energy, but not the environmental attributes or RECs. Renewable energy was unbundled into the two components of 1) RECs and 2) electricity, for the specific reason that the value of the REC is not related to the time period in which it was produced.

11. *Provide comments on REC lifespan and weighted RPS credits.* We agree with the Needs Assessment that each state will determine when RECs meet the requirements of its regulatory programs, and will therefore accept or not accept RECs based on the year in which they were produced. In regard to the weighting of different types of RECs in different states, we agree with the Needs Assessment that each state will apply their own weighting factor in determining whether RPS compliance has been achieved through the reports available from the tracking system.

12. *Provide comments on tracking system development.* If the goal is to develop a complex, expensive tracking system modeled on the Texas and New England experiences, then a very aggressive time frame is necessary. If it is decided that a simpler and much less expensive system that meets the needs of the region is preferred, modeled more in line with the Wisconsin tracking system, then the development and testing can be completed in a more systematic and less hurried manner.

Thank you for the opportunity to provide these comments. If you have questions or require clarification on any of these issues, please feel free to contact me.

Sincerely,

Jan Pepper  
Clean Power Markets, Inc.

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*Comments on Needs Assessment for a Western Renewable Energy Generation  
Information System Draft Report*

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